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Collaboration between the United Nations and the International Monetary Fund

Note by the Secretary-General

The Secretary-General has the honour to submit to the Economic and Social Council for its consideration the attached report prepared by the Policy Development and Review Department of the International Monetary Fund.

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Annex

COLLABORATION BETWEEN THE UNITED NATIONS AND THE INTERNATIONAL MONETARY FUND

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I. INTRODUCTION

1. Collaboration between the IMF and the United Nations (UN) has been in place since the founding of the two organizations. The IMF is a specialized agency established by intergovernmental agreement with responsibilities, as defined in its Articles of Agreement, in economic and related fields. Article X of the IMF's Articles of Agreement requires the IMF to cooperate with international organizations having specialized responsibilities in related fields. The general arrangements for cooperation and consultation between the IMF and the UN are set out in the 1947 Agreement,[1] which requires the IMF to function as an independent international organization because of the nature of its responsibilities. The Agreement also provides for consultation and exchange of views and information on matters of mutual interest, cooperation between the statistical services of the two organizations, and reciprocal attendance and participation (without vote) at certain meetings. In recent years, in view of the challenges of a globalized economy, the evolving needs of its members, and, more specifically, to take into account the recommendations of major UN conferences,[2] collaboration between the IMF and the UN has been strengthened in a number of areas, including coordination of assistance in countries emerging from a conflict, social aspects of economic reforms, capacity building, sustainable development, and environmental issues.

2. Liaison with the UN system is provided mainly by the IMF offices in New York and Geneva. The IMF New York Office follows developments at the UN in New York and several UN agencies elsewhere and ensures that the collaborative relationship with the UN and its specialized agencies is maintained and strengthened. The IMF Geneva Office, in addition to its work related to the World Trade Organization (WTO) and the International Labor Organization (ILO), closely follows and reports on the activities of other Geneva-based UN bodies, including the UN Conference on Trade and Development (UNCTAD), Economic Commission for Europe (ECE), Center for Human Rights, World Health Organization (WHO), and the UN High Commissioner for Refugees (UNHCR). IMF staff from headquarters and resident representative offices liaise with the UN or its agencies on country matters and substantially contribute to discussions in interagency and intergovernmental bodies.

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[1]The Agreement was entered into by the International Monetary Fund pursuant to Article X of its Articles of Agreement, and by the United Nations pursuant to Article 63 of its Charter, which stipulates that the UN may enter into agreements defining the terms of its relationships with specialized agencies established by intergovernmental agreement. See Agreement between the United Nations and the International Monetary Fund in *Selected Decisions and Selected Documents of the IMF, Twenty-First Issue*, page 599.

[2]These conferences include, among others, those on the environment (1992), population and development (1994), social development (1995), and women (1995).

3. The relationship between the UN and the Bretton Woods Institutions (BWIs) has been discussed in several international fora. The Group of Seven Countries (G-7), in both its Halifax and Lyon Communiqués, underscored the need for closer collaboration between the UN system and the BWIs. Recently, the UN General Assembly (resolution 50/227) called for a review to assess the relationships between the UN and the BWIs at the field, headquarters, and intergovernmental levels, with a view to identifying areas in which collaboration in the field of development-related activities could be improved. In its resolution 1996/43, the Economic and Social Council (ECOSOC) of the UN indicated that it looked forward to receiving the report of the review and the accompanying recommendations for future cooperation. In response to this request, this paper reviews IMF-UN collaboration.

4. The paper is organized as follows. Section II takes stock of IMF-UN collaboration at both the institution-wide and country levels. Collaboration with the UN and its agencies is described in terms of specific areas of collaboration, including efforts that are being undertaken in the light of relevant recommendations of the UN global conferences. Section III discusses strengths and weaknesses in collaboration and the scope for future strengthening.

II. Areas of IMF-UN Cooperation

5. The IMF's main activities include surveillance of members' economies, financial support for stabilization and adjustment, and technical assistance to members. These activities focus overwhelmingly on macroeconomic issues but also cover other issues that have a bearing on the macroeconomic performance of a country, including trade, labor market policies, social safety nets, and environmental concerns, some of which are in the domain of the UN and its specialized agencies. As a result, the IMF, in its endeavors to realize its objectives, helps member countries achieve "high quality growth";[3] in this context, it has maintained close relationships with the UN system as well as with other organizations actively engaged in these areas. Collaboration between the IMF and the UN system at the institutional and country level now covers a wide range of issues.

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[3]A strategy of high quality growth is defined to include: (a) macroeconomic policies aimed at a stable and sustainable macroeconomic environment; (b) structural policies aimed at a market-based environment for trade and investment; (c) sound social policies, including social safety nets to protect the poor, cost-effective basic social expenditures, and employment-generating labor market policies; and (d) good governance and participatory development. See *Social Dimensions of the IMF's Policy Dialogue*, IMF Pamphlet Series No. 47, 1995, page 1.

1. Collaboration at institution-wide level

6 Collaboration between the IMF and the UN has intensified in recent years as the IMF increasingly has integrated social concerns into structural adjustment programs supported by the IMF and begun to take into account the recommendations of major UN global conferences on the environment, population, social development, and women. Collaboration with the UN has entailed increased participation by IMF staff in meetings and initiatives organized by intergovernmental and interagency committees and commissions, exchange of information, and collaboration in the statistical area and post-conflict situations. The staffs of the UN and its specialized agencies regularly attend the joint annual meetings of the IMF and the World Bank, including meetings of the Development and the Interim Committees.

(a) Results of global conferences

7. The IMF has increasingly sought to incorporate, where possible, the major recommendations of global conferences as follows.

- As regards the 1992 **UN Conference on Environment and Development** (UNCED), the IMF has supported the Conference's proposals (as in *Agenda 21*) in at least two ways. First, IMF staff prepares background information on environmental issues for use in their discussions with country authorities, and, where relevant, reflect these in Article IV consultation reports. Second, the IMF staff assists member countries with the design and implementation of appropriate macroeconomic and structural policies, including subsidy and price reform, trade liberalization, and tax reform, which promote efficient use of resources and sustainable development. Moreover, IMF staff have continued to expand their understandings of the relationships between macroeconomic policies and the environment through studies and seminars.

- The 1994 **International Conference on Population and Development** (ICPD) resulted in a Program of Action, which, inter alia, encouraged the UN to consult with international financial institutions to review regularly the specific needs of countries in population and development, to maximize the availability of resources, and to promote the most efficient use of resources. Public expenditure analysis is the most relevant area in which the IMF contributes to the ICPD Program of Action, through its focus on reducing unproductive expenditures to free resources for basic social and infrastructure spending. In recent years, the IMF has strengthened its work in this area, including, for example, through Executive Board discussions of unproductive expenditure (including excessive military expenditure), and, in its work with individual countries, through increased collaboration with the World Bank and discussion with national authorities, on public expenditure policy issues. Moreover, IMF-supported programs have increasingly emphasized the critical importance of primary health and education services, including through specific expenditure targets in the budget, thereby supporting the broad objectives of the ICPD.

• The 1995 **World Summit for Social Development** (WSSD) specifically recognized the need for sound macroeconomic and structural policies, while stressing the importance of integrating social development goals and policies into adjustment programs; it also called for a stronger collaboration between organizations in the UN system. As a follow up to the Summit, the Development Committee in October 1995 urged both the World Bank and the IMF to work closely with member countries to help improve their public finances, especially by increasing attention to funding social and economic development programs and reducing unproductive expenditures (including excessive military expenditure). Also in October 1995, the Interim Committee agreed that cooperation between the IMF and the International Labor Organization (ILO) should be strengthened with a view to helping IMF staff to acquire a better understanding of labor market and social protection issues, and the ILO staff to integrate in their policy advice the IMF's view on macroeconomic policies of member countries. Moreover, in its communiqué of September 1996, the Interim Committee attached particular importance to the need to reduce unproductive expenditure while improving education and training, providing effective health systems, and alleviating poverty and providing well-targeted and affordable social safety nets.

The IMF has reinforced its activities in the areas of surveillance, use of IMF resources and technical assistance by, inter alia: (a) paying more attention to the composition of expenditures and to labor market policies; (b) integrating cost-effective social safety nets and reallocating public expenditures to meet the needs of the poor and vulnerable groups in the design and implementation of adjustment programs; (c) providing technical assistance aimed at helping countries build institutional capacity to set and implement expenditure priorities, achieve greater budgetary transparency, and raise revenue in an efficient and nondistortionary manner; and (d) strengthening collaboration in these areas with the World Bank and UN agencies.

• As regards the recommendations of the 1995 **Fourth World Conference on Women** (FWCW), the IMF's contribution to improving the status and the quality of life of women is indirect and is embedded in its policy advice to member countries to achieve high-quality growth, which should bring lasting gains in employment and poverty reduction. By encouraging price and marketing liberalization, open exchange rate, trade, and investment regimes, more flexible labor markets, and financial sector reforms, IMF-supported programs have removed barriers to employment and income creation, including for women. Moreover, as noted above, the IMF has paid increasing attention to the need for protecting or increasing public expenditures on primary health and education and improving coverage and school enrollment ratios, and, in a few cases, to gender neutrality of banking laws. The governments' policy framework papers (PFPs), prepared in consultation with IMF and World Bank staffs, have incorporated these aspects and, where appropriate, included targets for basic social spending and social indicators, including for women's access to social services.

(b) Participation by IMF staff in UN-organized meetings and initiatives

8 The Managing Director of the IMF has regular exchanges with the UN Secretary General, and regular formal dialogues with ECOSOC in pursuit of matters of common interest; he also maintains a more informal dialogue on a continuous basis. The Managing Director or his representative attends meetings of the UN Administrative Committee on Coordination (ACC),[4] which are held twice a year.

9. IMF staff regularly participate in some of the intergovernmental meetings (e.g., functional commissions of ECOSOC),[5] in interagency committee meetings (e.g., the ACC and its subsidiaries),[6] and in the meetings of the Interagency Task Forces established by the ACC for the follow-up and implementation of the recommendations of the UN global conferences.[7]

• The IMF New York Office staff attend meetings, seminars, and workshops organized by the UN and its specialized agencies, funds, and programs on a daily basis. It contributes to the discussions of relevant economic and social issues, explains and provides information on IMF policies and activities, and contributes to the discussions on coordination issues.[8] During 1995-96, such discussions were related to the UN global conferences (Social Summit,

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[4]The ACC, comprising heads of UN agencies, funds, and programs, and chaired by the UN Secretary General, aims to strengthen coordination and take decisions on economic and social development issues.

[5]These commissions include Statistical Commission, Commission on Population and Development, Commission for Social Development, Commission for Sustainable Development, and Commission on the Status of Women.

[6]These include the Consultative Committee on Policy and Operational Questions (CCPOQ), the Interagency Committee on Sustainable Development (IACSD), and their various working groups.

[7]These Interagency Task Forces include: Task Force on Employment and Sustainable Livelihoods (ILO-chaired); Task Force on Enabling Environment for Economic and Social Development (chaired by the World Bank); and Task Force on Basic Social Services for All (chaired by the United Nations Population Fund (UNFPA)). The Habitat II Conference (1996) and the World Food Summit (1996) have established separate mechanisms to follow-up the implementation of the recommendations of the global conferences.

[8]In 1995, in collaboration with the staff from IMF headquarters, the IMF New York Office facilitated a briefing for UN delegates on the IMF submission to the World Summit on Social Development, and organized a briefing for delegates on recruitment opportunities with the IMF. In early 1997, IMF staff conducted a two-day seminar in New York on selected Fund policies and activities attended by about 60 UN diplomatic missions.

Conference on Women, Habitat II, and World Food Summit), the ECOSOC and its functional commissions, and the ACC and its Task Forces.

- The staff of the IMF Geneva Office maintains contact with the UN agencies based in Geneva, and, in addition to commenting on issues under discussion, responds to specific questions about IMF activities both in preparatory phases and in deliberations, as appropriate. As regards IMF-ILO collaboration, the Managing Director of the IMF holds bilateral discussions on issues of mutual interest with the Director General of the ILO on the occasions of the ACC meetings and on other occasions. Moreover, IMF and ILO staffs have strengthened contacts, in particular following the 1995 Social Summit and the above-mentioned call by the Interim Committee, thereby promoting a better understanding of the activities of the respective organizations in member countries. The two staffs have occasionally co-sponsored seminars and workshops.

- During 1995-96, staff from IMF headquarters attended several meetings organized by the UN, including those of ACC Task Forces, and the Commission for Sustainable Development. In addition, IMF staff participated during 1996 in seminars organized by UN agencies and hosted a conference at IMF headquarters attended by the UN agencies on Income Distribution and Sustainable Growth. It is in such meetings and seminars that IMF staff share the results of their work on, for example, the relationship between macroeconomic policies and the environment. Moreover, IMF legal staff participated in working groups of the UN Commission on International Trade Law and in the periodic meetings of legal advisors of the UN system.

10. As regards the UN Special Initiative for Africa (SIA) launched in early 1996, the IMF participated in the SIA Working Group on Internal Resource Mobilization (chaired by the World Bank) and in the meetings of the ACC which agreed to launch the SIA. This effort is complementary to the IMF's own endeavor to help African countries achieve, through its policy advice and financial support under the Enhanced Structural Adjustment Facility (ESAF) and technical assistance, higher sustainable economic growth. In fact, by assisting African countries in implementing comprehensive programs of macroeconomic and structural policies, the IMF also contributes to the effective use of assistance provided by other donors, organizations, and agencies, including UN agencies. Together with the UN, the IMF is also paying greater attention to strengthening the institutional capacity for supporting the adjustment process, in particular the capacity to implement economic policies.

(c) Exchange of information

11. The IMF and the UN exchange views and documents. The IMF regularly provides information to the UN by releasing its country economic reports and other information upon request or by contributing inputs for reports prepared by the UN Secretariat. Moreover, there have been visits of UN staff to IMF headquarters to discuss topics for various UN reports. In the context of IMF-ILO collaboration, the staffs of the two institutions exchange views on the

IMF World Economic Outlook (WEO) and on the ILO World Employment Report. Moreover, every year the IMF submits to the Office of the UN Legal Counsel a report on legal developments in the IMF for publication in the UN Juridical Yearbook.

(d) Collaboration in the statistical area

12. The IMF and the UN also collaborate in the statistical area. The IMF has been an active participant in the UN Statistical System, which was established in 1946 by the UN Statistical Commission to ensure that international organizations developed an integrated program of statistical standards and of data collection, processing, and dissemination. The IMF's participation has required active involvement in the work of the UN Statistical Commission, the UN regional commissions, the UN Working Group on Statistical Programs and Coordination, and the ACC Subcommittee on Statistical Activities. In recent years, in part because of funding constraints in the UN, other international organizations have taken a more active role in some of this work. A major example is the joint production of the *System of National Accounts*, 1993, (SNA 1993) by the European Commission, IMF, OECD, UN, and World Bank. Subsequently, the IMF undertook the revision of its statistical methodologies, in full collaboration with the UN and other international organizations, to bring them in line with the SNA 1993.

13. During 1995-96, IMF staff have actively participated in a large number of activities in the UN Statistical System. In addition to other forms of participation, including attendance of meetings organized by the UN, the ACC, and the regional commissions, the IMF played several leadership roles. In 1995, the Fund chaired the Intersecretariat Working Group on National Accounts, which advises the UN Statistical Commission on issues relating to the implementation of the SNA 1993. The IMF also chairs the UN Interagency Task Force on Finance Statistics as well as the Steering Committee on the Coordination of Technical Assistance in Statistics to the Countries of the Former Soviet Union (with representation by the UN and other international organizations). Furthermore, the UN has been kept closely informed of the IMF's own statistical initiatives in this period, such as the work of the IMF Committee on Balance of Payments Statistics, and the Expert Group on Monetary and Financial Statistics, and the data dissemination standards.

(e) Collaboration in post-conflict situations

14. The IMF is working closely with the UN in post-conflict cases, including as a member of the Interagency Working Group on Post-Conflict Situations. After the end of a conflict, coordination of technical and financial assistance is particularly important because of the disruption in normal relations that often occurs during the period of the conflict, the need to rapidly rebuild institutional and administrative capacity, and, in some cases, ensure that a peace settlement is consistent with a sustainable macroeconomic framework. The IMF's involvement in these cases has been part of an internationally coordinated assistance, including where the UN has taken the lead. The IMF's primary role during the early phase in these

situations has been to help reestablish macroeconomic stability and institution building, in particular the treasuries and central banks, through policy advice and technical assistance. Once the situation has stabilized sufficiently, IMF financial assistance has been provided in support of economic reforms. In the past, IMF financial assistance to post-conflict countries has been provided under a variety of facilities. Since these facilities may not be appropriate in post-conflict situations because the members are not able to develop and implement a comprehensive economic program, the Executive Board decided in September 1995 to expand the scope of the IMF's policy on emergency assistance to cover post-conflict situations. This has allowed the IMF to provide financial assistance, closely linked to a comprehensive technical assistance program including institution-building aspects, within the framework of policies designed to reestablish conditions for economic stability, and, eventually, recovery and growth. The specific areas of collaboration in post-conflict cases depend on particular circumstances of the countries concerned. Attachment I provides examples of experiences of such collaboration in specific country situations.

2. Country-level collaboration

15. Country-level collaboration between the United Nations system and the IMF largely takes place between IMF missions and/or resident representatives (IMF-RRs) and the UN resident coordinators (UNRCs)—who are generally UNDP representatives—and representatives of other specialized UN agencies.

(a) Collaboration with UN Resident Coordinator (UNRC)

16. Collaboration between the IMF and the UN on country matters takes place, for the most part, in the country concerned. Most IMF missions visit UNRCs to exchange views on economic and other developments. Contacts between IMF-RRs and UNRCs are more regular and frequent, in some cases on a weekly basis. In addition, in almost all countries where the IMF maintains resident offices,[9] IMF-RRs attend heads of agencies' meetings usually held on a monthly basis under the chairmanship of UNRCs. Topics discussed in these meetings vary from recent economic and political developments to administrative and security issues. Most RRs also regularly attend, together with the UN agencies, local aid coordination meetings which are normally chaired by the World Bank's resident offices. Collaboration with UNRCs is particularly intensive in those countries where the UNDP and the IMF are engaged in joint funding and implementation of large technical assistance projects designed to enhance countries' economic and financial management capacities.[10]

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[9]As of end-1996, the IMF had staff in 18 African, 12 Asian, 25 European, 2 Middle Eastern, and 11 Latin American countries.

[10]UNDP-IMF collaboration on technical assistance is discussed below.

• **Country Strategy Notes:** The IMF has expressed its readiness to collaborate with the UNRCs in member countries in the preparation of governments' Country Strategy Notes (CSNs), which are intended to serve as a means of UN-wide collaboration in the country concerned, and a supplementary document for consultative groups (CG), round tables (RT), and other donor-related meetings. In this context, in early 1996 IMF management issued a guidance note to its staff to strengthen collaboration between the staffs of the IMF (RR) and the UN (RC) in the preparation of CSNs. As described in this note, IMF staff's contribution to the CSN process may involve provision of information and IMF documents on the macroeconomic framework and the policy objectives being supported by an IMF arrangement, and participation in the process of the CSN itself, which could take the form of oral presentations at meetings attended by UN staff; providing comments on drafts of background papers and CSNs; joining working groups on specific issues related to IMF work; and following up on the incorporation of these comments in the final output. In cases where the government desires to use its Policy Framework Paper (PFP) as a framework for a CSN, the PFP might explicitly incorporate some of the UN initiatives and their budgetary and financing implications. In any event, as a government policy document, the CSN should be consistent with, and complementary, to other government policy documents, including the PFP, as well as government policies, including those agreed with the IMF in the context of Article IV consultation discussions and IMF-supported programs.

• Experience so far indicates that, of the over 50 CSNs that have been prepared or are being prepared as of the beginning of 1997, IMF staff has participated in the preparation of more than half of them, mainly through IMF-RRs. The modalities of IMF participation included provision of information and certain IMF documents, contribution by IMF staff to the discussion of policy issues, and, in some cases, preparation of a section of CSNs by IMF-RRs; these inputs were focused on macroeconomic and structural reform policies, including social safety nets.

• **The PFP process:** This is another area of country-level collaboration between the IMF and UN agencies. Participation of UNRCs or UN agencies in the PFP process has been indirect and informal. In some cases, the IMF staff has benefitted from information and documents provided by UN agencies in areas such as environment, health and education, poverty issues, human resource development, and external assistance including technical assistance. There were also cases in which UN agencies contributed to the PFP process through bilateral informal discussions with IMF and World Bank staffs, selective participation in PFP discussions, and commenting on draft PFPs in areas where these agencies have expertise. Moreover, in some other cases, these agencies provided advice to governments concerned, particularly on education, health, and aid coordination issues.

17. Overall, the experience of IMF staff has been that collaboration with UNRCs and representatives of specialized UN agencies at the country level has been satisfactory. In many cases, particularly in countries with IMF resident offices, regular contacts have taken place. The preparation of CSNs and joint IMF-UNDP collaboration on technical assistance projects

for capacity building in member countries (see below) have intensified contacts between IMF staff and UNRCs. The recent experience has also revealed that, for a number of countries, collaboration at the country level could be strengthened through greater exchange of information; more contacts on selected issues where the UN has particular expertise, particularly as regards poverty and social issues; and placing of greater emphasis on technical assistance cooperation.

(b) Collaboration with the United Nations Development Program (UNDP)

18. Collaboration between the IMF and the UNDP cover technical assistance and a wide range of economic and social development issues, including consultations in connection with RTs, CGs, and, as noted above, CSNs. To further strengthen this collaboration, the Managing Director of the IMF and the Administrator of the UNDP jointly issued in July 1996 a guidance note to their staffs. As described in this note, the staffs of the two institutions are expected to enhance collaboration focussing on technical assistance programs and building on UNDP's experience with capacity building and on the Fund's technical expertise in fiscal, monetary, and related statistical matters.

- **Capacity building through technical assistance:** Since July 16, 1989, when the joint IMF-UNDP Executive Agency Agreement was signed, the IMF has been executing jointly-funded technical assistance projects. These projects focus on capacity building for economic and financial management, have large training and advisory components, and cover monetary, fiscal, and statistical issues. During 1990-1996, UNDP provided financing of about US$40 million for over 70 technical assistance projects executed by the IMF in 32 countries. The IMF contributed approximately another US$30 million in cofinancing for these projects.

During 1995-96, IMF staff managed technical assistance projects cofinanced by the UNDP in sixteen member countries and one region.[11] Areas covered by these projects included: tax policy and tax administration, expenditure management, fiscal legislation, budgeting, and public accounting; bank supervision, central bank operations, foreign exchange operations, rural finance, and accounting; and balance of payments, real sector, government finance, and money and banking statistics. During the same period, IMF staff conducted IMF-UNDP financed training courses in nine member countries[12] in financial programming and policies, public expenditure control, macroeconomic accounts and financial policies, trade liberalization

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[11]Angola, Burkina Faso, Cambodia, China, the Gambia, Haiti, Lao P.D.R., Lebanon, Malawi, Malta, Namibia, Nicaragua, Sierra Leone, Vietnam, Yemen, Zambia, and the South Pacific Region.

[12]Burkina Faso, Cameroon, Gabon, Georgia, Ghana, Mauritius, Rwanda, Senegal, and Yemen.

and regional integration, external sector policies, bank restructuring, and development of financial markets.

- **UNDP-led round tables, meetings and seminars:** IMF staff have participated and provided inputs and information for UNDP-led round tables for IMF member countries and, where appropriate, jointly with UNDP staff sought external assistance to support these countries' adjustment and reform programs. In addition to round table meetings, IMF staff have regularly attended local aid coordination meetings, including meetings to coordinate capacity building, some of which were convened by the UNDP. Moreover, IMF staff have participated in several country-specific meetings, seminars, and workshops organized by UN agencies, in particular by the UNDP. Some of these meetings were organized to strengthen aid coordination, technical assistance, and peace building in post-conflict countries. In other cases, topics covered included economic reviews, structural reforms, governance, labor and employment, social issues, sustainable development, and human development reports of countries.

- **Collaboration in post-conflict situations:** The IMF and the UNDP have collaborated in post-conflict cases focussing on rebuilding capacity in the fiscal, monetary, exchange, and statistical areas (e.g., Angola, Bosnia and Herzegovina, Cambodia, Haiti, and Rwanda), including through the provision or financing of technical assistance (see Appendix I). In some of these cases, the UNDP played a lead role in aid coordination as in the case of Rwanda in 1995 when the Economic Recovery plan developed by the government and the UNDP provided a framework for assistance pledged by donors.

(c) Collaboration with ILO

19. In response to the Interim Committee's calls of October 1995 and September 1996 mentioned above, efforts have been intensified to enhance IMF-ILO collaboration at the country level. Contacts between IMF staff and their counterparts in the ILO have been made in many developing countries. The initial focus of these contacts has typically been on the exchange of information, including data that are of mutual benefit to the operations of the two institutions, and details of each institution's involvement in the respective country. The presence in a country of both IMF and the ILO resident representatives can help in the coordination of the two institutions' involvement in the areas of technical assistance, including improvements in data on labor market issues, and policy advice, especially in labor market reforms and the design of social safety nets and social security arrangements. In some countries, IMF staff has also participated in seminars, conferences and workshops organized by the ILO.

20. In addition to the general IMF-ILO cooperation at the country level, in 1993 three countries (Costa Rica, India, and Zimbabwe), and in 1996, six countries (Côte d'Ivoire, India, Indonesia, Peru, Uganda, and Ukraine) were selected as pilot cases for enhanced collaboration between the two institutions. The joint selection of specific areas of involvement on which to

focus is, in the latter six countries, intended to foster further collaboration between the IMF and the ILO to the benefit of the countries concerned and, at the same time, be consistent with the available resources of the two institutions.

(d) Collaboration with other UN agencies

21. Contacts between the staffs of the IMF and other UN agencies have been limited outside of the interactions, which take place at various interagency meetings including those coordinated by the UNRCs. Collaboration between the IMF and the Food and Agriculture Organization (FAO) has been mainly in exchanging information and documents. The IMF has made use of FAO forecasts of the food situation in member countries, in particular during the 1992 drought in Southern Africa, to respond expeditiously to the needs of member countries. Following a visit to the IMF of the Director General and other senior staff of the FAO in 1994, the staffs of the IMF and the FAO have explored practical modalities of strengthening collaboration between the two staffs, in particular as regards collaboration on the "food security strategy" that the FAO was going to initiate for developing countries. Moreover, the IMF has been participating in the inter-agency consultations on the world food situation—involving the FAO, World Bank, the World Food Program, and the IMF.

22. Contacts with the staff of the International Fund for Agricultural Development (IFAD) have been very few, but IFAD has expressed interest in cooperating with the IMF in exchanging views on policy issues in individual countries. Similar interest was also expressed by UNFPA. During 1995-96, the Managing Director of the IMF held discussions with the UN High Commissioner for Refugees on possible areas for greater interaction between the staffs of the two institutions in the context of post-conflict situations.

III. Future Cooperation

23. Collaboration between the IMF and the UN has to be seen in light of the mandate and expertise of each, the division of labor between international institutions and agencies, and resource constraints. In recent years, the growing recognition that economic and social developments are mutually reinforcing, and the challenges of the globalized economy, have called for closer collaboration among international institutions more generally with each focusing on areas of its comparative advantage. Collaboration between the IMF and the UN should be seen in this context. The activities of the IMF—surveillance of members' economies and provision of financial and technical assistance to members—focus on macroeconomic issues, but IMF policy advice touches on many other issues that are linked to economic performance, such as labor markets, social policies, and environmental concerns, many of which are in the domain of the UN and its specialized agencies. The collaboration between the IMF and the UN system, both at institution-wide and country levels, has helped the IMF to increasingly incorporate social and environmental concerns into its policy advice and the design of adjustment programs.

24. The regular exchanges between the Managing Director of the IMF and the UN Secretary General, and IMF staff participation in meetings of the ACC and intergovernmental and interagency committees and task forces have provided useful inputs to IMF staff on the environment, social issues, sustainable development, population, and gender. The IMF will continue its participation in appropriate UN intergovernmental and interagency meetings and initiatives, its involvement in UN statistical activities, and the exchange of information at the institution level. The IMF New York and Geneva offices will continue following developments in the UN system to strengthen collaboration with the UN and its specialized agencies.

25. While this experience with collaboration between the UN and the IMF at the country-level has been generally satisfactory, there is scope for a more focused exchange of information—including in the PFP process—between IMF staff and UNRCs on poverty and social issues. With a view to time and resource constraints, there may be a need to define more clearly specific areas of collaboration in selected countries to benefit from complementarity of expertise. Such areas could include: capacity building for transparent management of public resources through joint technical assistance programs to prepare for, and underpin, comprehensive macroeconomic and structural adjustment reforms.

- In the preparation of CSNs, there are elements of the current arrangements for preparing CSNs that could be improved: the CSN is sometimes too much donor-driven with insufficient participation of governments, which has hampered consistency and complementarity with other government policy documents, including the PFP; and CSNs have not always benefitted from comments by IMF staff. In countries where the IMF does not have resident representatives, more regular contacts between the IMF and the UN staffs during missions may be necessary. More timely communication regarding plans for CSNs would also be useful.

- As regards IMF-UNDP collaboration in capacity building through technical assistance, the current arrangement has been satisfactory to the two institutions and the recipient countries. First, UNDP-IMF technical assistance projects have enabled the IMF to provide essential technical assistance that may not have been provided in the absence of external funding and collaboration. Second, the arrangement has provided flexibility to the IMF staff in implementing the technical assistance projects, with helpful inputs from UNDP field offices when needed to facilitate the work of technical assistance experts. Moreover, in some cases, IMF-UNDP collaboration in capacity building has helped coordination with other donors by providing an umbrella for contributions from other donor agencies. Despite the successful experience of the past, improvements can be made in certain respects. IMF staff have spent a considerable amount of time in coordinating their work with other agencies executing UNDP-funded projects, and, in the context of IMF-executed projects, to process approval of these projects and to coordinate the interests of the two institutions and of recipient countries. The collaboration would benefit from streamlining and simplifying the procedures for drafting, negotiating, and reviewing technical assistance programs. Moreover, the recipient countries

would also benefit from a more timely indication of magnitude and duration of planned technical assistance programs. Such changes would enhance the efficiency of the programs and enable the two institutions to better serve their member countries.

ATTACHMENT I

IMF-UN Collaboration in Post-Conflict Cases: Experience of IMF Staff

- In the case of **Angola**, the Special Representative of the Secretary General was instrumental in arranging high-level diplomatic contacts for the IMF. The UN agencies—both in the country and at the UN Secretariat—collaborated actively in the provision of detailed information on the peace process and on related budgetary costs borne by the government, and the IMF provided information on the economic situation in the country and on the implementation of the IMF staff-monitored program covering October 1995 through September 1996. The IMF and UNDP jointly financed technical assistance throughout the period of the conflict to enhance the country's economic and financial management capability. The IMF staff participated in the 1995 UNDP-sponsored round table conference convened for Angola in Brussels, and later in October 1995 convened a follow-up donor meeting during the IMF/World Bank Annual Meetings.

- In 1995, **Rwanda's** rehabilitation efforts were supported by donors in the context of a round table organized by the UNDP. In early 1995, the IMF assisted the government in formulating a macroeconomic framework that served as an input to the first round table conference, and continued to provide Rwanda with substantial technical assistance (in conjunction with the UNDP), policy advice in the context of an IMF staff-monitored program for 1996, and financial assistance under the Compensatory and Contingency Financing Facility in November 1995.

- Collaboration in the case of **Armenia** involved several areas: drafting the Human Development Report for Armenia; developing the Joint UN/Donor Humanitarian Needs Assessment; participation by IMF staff in UNHCR (refugee) meetings and meetings with UNICEF/local and regional representatives; and advising UN staff on local tax issues.

- For **Bosnia and Herzegovina**, the lead agency for coordination of civilian aspects of the peace process in Bosnia and Herzegovina has been the Office of the High Representative (OHR), whose activities cover political and economic issues. In general, the OHR has an obligation to be well informed on activities of various agencies operating in the country and to ensure that these activities are carried out in a manner consistent with political and economic priorities established under the Dayton Peace Treaty. The OHR has been highly supportive of the IMF's activities in Bosnia and Herzegovina, and close IMF-OHR collaboration has been maintained both at headquarters and in the field. The IMF's Resident Representative (IMF-RR) attends key weekly meetings of the Economic Task Force in Sarajevo; frequent IMF missions to Bosnia and Herzegovina have coordinated with OHR; and IMF staff remain in continuous contact with OHR staff in Bosnia and Herzegovina and in Brussels. A staff member of the IMF has been seconded to the OHR staff since July 1996, and an OHR staff member co-chaired with the IMF-RR a series of inter-Entity (i.e., involving all three national groups) meetings on financial sector issues during August-November 1996. The IMF staff cooperates with the staffs of other UN agencies active in Bosnia and Herzegovina both

directly and through the OHR coordination process. In addition to the World Bank, direct coordination is particularly important with the UNDP and UNHCR. Also, the ILO is the lead agency for the interagency task force on industry and employment.

- In **Cambodia**, the main focus of collaboration was **technical assistance**. Early consultations followed the Paris Peace Agreement in 1991. IMF staff were attached to a UN economic mission in 1991 to advise on fiscal and monetary measures. UNDP/IMF jointly financed technical assistance to the Ministry of Finance and Central Bank in 1992. Following the establishment of a new government in 1993, the IMF and the UNDP prepared a comprehensive, jointly financed, technical assistance program which has been under implementation by the IMF and UNDP since 1994. Financial assistance under the Systemic Transformation Facility (STF) was approved by the IMF in October 1993, which was followed by an ESAF arrangement in May 1994.

- In the case of **El Salvador**, the UN office regularly informed IMF missions about the advances on compliance with peace agreements. Discussions were held with UN officials in New York concerning UN-IMF cooperation as regards: (a) the relationships between economic adjustment and the peace process; and (b) concessional financing by donors. The IMF took the lead in macroeconomic adjustment, while the UN took the lead in issues related to distribution of social sector spending. The IMF approved two stand-by arrangements (which were treated as precautionary by the authorities), one in 1992 just before the signing of the Peace Accord and the other in 1993, which was extended to 1994; another stand-by arrangement was approved in 1995.

- For **Georgia**, both the IMF and the UN have helped coordinate technical assistance, and even during the time of ongoing conflict, substantial technical assistance was provided by the IMF. After an informal IMF staff monitoring of policies for several months, financial support under the STF was approved by the IMF in December 1994, which was followed by a stand-by arrangement in June 1995. In addition, the IMF cooperates with an Aid Coordination Office in the Presidential Chancellery, which is supported by the UN. The IMF-RR office has provided information on past and prospective IMF technical assistance.

- In the case of **Guatemala**, the IMF staff has maintained a close working relationship with the UN Secretariat in New York and the UNDP representative in the field. Consultations were particularly intense at the time of the Fund missions' visits to Guatemala and during the period immediately prior to the signing of the final Peace Accords in December 1996. In this process, the IMF staff also participated in the discussions on the drafting of the Agreement of Socioeconomic and Agrarian Issues. Currently, the IMF is assisting the government in formulating an economic program that will provide the macroeconomic framework for the Peace Accords. This program will be supported financially by the Fund. The Accords envisage important changes in political, social, and economic areas, including a substantial increase in public spending in the social sector. Fund staff are in close contact with the UN and UNDP representatives to reflect their inputs in the program.

ATTACHMENT I

• In **Haiti**, the IMF-RR serves as the coordinator on economic and financial issues and has the responsibility for briefing UN heads of agencies, visiting UN missions and delegations from major bilateral donors. The IMF-RR chairs monthly donor meetings attended by UN agencies, other multilateral agencies, official bilateral donors, and the diplomatic community to brief the latter on current economic developments, discuss coordination of technical assistance, and encourage the support of the government's effort to rebuild its administrative and technical capacity. The IMF and UNDP are cofinancing a large technical assistance program designed to rebuild macroeconomic management capacity in the Ministry of Finance and the Central Bank and the statistical services.